



**SOCIAL IMPACT  
COMMONS**

# Managing Fixed Assets

*Stewarding Intellectual, Material, Real, and Investment Assets as Fiscal Sponsors*



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# Defining Our Terms

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as·set /'aset/

An asset is a resource owned or controlled by an individual, corporation, or government with the expectation that it will generate a positive economic benefit and/or social good impact.

For the purpose of this conversations, *assets* are defined as resources that may be subject to accounting and/or legal definition, and transactional events.

We acknowledge that *assets* may also be understood to be things such as know-how, relationships, networks, experience, etc.



# Types of Assets

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## Asset Classifications

### Convertibility

Current Assets

Fixed Assets

### Physical Status

Tangible Assets

Intangible Assets

### Usage

Operating Assets

Non-operating Assets



# Properties of Assets

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<b>PRIVATE</b> <b>(Corporations and Individual Persons)</b>	<b>COMMONS</b> <b>(Public Trust/Nonprofit)</b>
<b>Ownership</b> Assets represent ownership that can be eventually turned into cash and cash equivalents.	<b>Stewardship</b> Assets are held in public trust and stewarded on behalf of beneficiaries for greater social good.
<b>Economic Value</b> Assets have economic value and can be bought/sold.	<b>Mission/Social Impact</b> Assets have both economic <i>and</i> mission value.
<b>Resource</b> Assets are resources that can be used to generate future economic benefits.	<b>Resource</b> Assets are resources that can be used to generate future social good benefits.



# What's at Stake: Cost and Complexity

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**The complexity of managing *fixed assets* in the context of projects, which enjoy a semi-autonomous status and may also be transient in relation to the sponsor.**

Fiscal sponsors and the systems and capacities they offer are largely focused on providing shared *operating* resources to their projects. This means the focus is on current asset types, such as cash, cash equivalent, accounts receivable, supplies/expendables, deposits, and inventory.

While many fiscal sponsors manage fixed assets that support the sponsor's work, managing fixed assets (such as real, intellectual, material, and investment assets) that support *project* needs a host of other operational and risk management considerations come into play.



# Fixed Assets

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- **Real Property:** Land and everything attached to it.
- **Intellectual Property:** Ideas, patents, trademarks, creative works, etc.
- **Equipment:** Hardware, software, physical tools, automobiles, etc.
- **Investments:** Endowment, cash/risk reserves, retirement funds, etc.



# Fixed Asset Considerations

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Fiscal sponsors are largely built to manage *operating* (short-term) assets and programs, so when *fixed* or long-term assets come into play, there are challenging considerations:

- ***Change of Ownership*** - How does the asset get restructured, reallocated, or transferred when a project exits or dissolves?
- ***Ongoing Maintenance*** - What capacities (systems, resources, expertise) are needed to maintain the asset?
- ***Ongoing Risk Management*** - What are the risks involved in holding and stewarding an asset and how do we mitigate them?

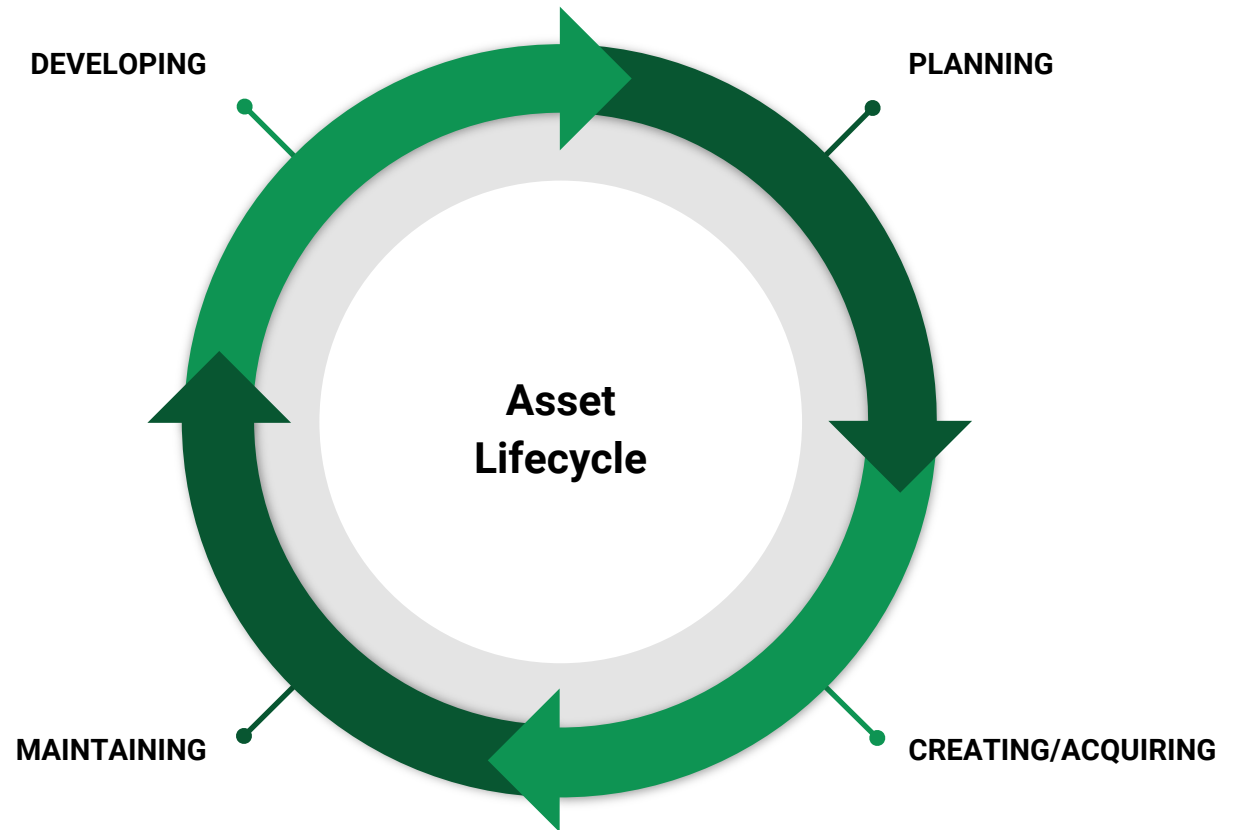


# Asset Lifecycle

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When stewarding fixed assets, fiscal sponsors need to consider not just maintenance and risk management.

We need to consider how we support *intentional building* of the assets (i.e., maintaining the building, growing the endowment, etc.).





# Structural & Capacity Solutions

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**Management Capacity:** Are you able to insource or outsource the knowledge and management to provide stewardship, and how are you recovering or sustaining that cost?

**Structure:** How might legal/formation structure (single entity, multi-entity Model L) help provide *risk mitigation* and *portability* in the event assets need to be restructured?

**Accounting:** How are you documenting and tracking your projects' fixed assets, and incorporating them into your accounting practices? How are you keeping track of them moving forward?

**Compliance/Risk Management:** Are you apprised of specific compliance requirements for various kinds of fixed assets, as well as able to insure such assets?



# Roles & Responsibilities

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**Board of Directors:** Do you have policies about acquiring/accepting fixed assets on behalf of projects, and are there formal maintenance, compliance, and risk assessment procedures?

**Staff:** How knowledgeable is your staff team about fixed assets and the operating, maintenance, and development needs they entail? Do you have the capacity to manage fixed assets day to day? Do you clearly communicate with and educate your project staff about how fixed assets work in a nonprofit context?

**Project Directors:** Are you requiring fixed assets to be reported and documented, if they are not otherwise tracked in regular accounting and financial operations?

**Contractors/Vendors/Partners:** Do you have the right vendors and expertise available to manage fixed assets, including insurance and compliance needs?





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